



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH  
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March 21, 2014

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.  
Director

SUBJECT: **ADVANCE NOTIFICATION OF INTENT TO ENTER INTO SOLE  
SOURCE CONTRACT NEGOTIATIONS WITH PROJECT RETURN  
PEER SUPPORT NETWORK**

This memo is to comply with Board of Supervisors Policy Manual, Section 5.100, Sole Source Contracts, by notifying the Board of our need to initiate a Sole Source agreement. It is the Department of Mental Health's (DMH) intent to enter into Sole Source agreement negotiations with Project Return Peer Support Network (Project Return) to provide peer-run mental health services to adult consumers countywide. Project Return's corporate office is located at 6055 East Washington Boulevard, Suite 900, Commerce, CA 90040.

Project Return has been an integral part of DMH for more than 30 years, operating its program as part of a DMH Contract with Mental Health America of Los Angeles (MHA) since August 1980. Since 1992, Project Return has been a client-run program – designed, directed, staffed, and advised by individuals recovering from serious mental illness. As County's oldest program run by mental health consumers for people with mental illness, Project Return has demonstrated competence in providing a broad array of peer-run mental health and recovery services. In recognition of their expertise, Project Return is best operationally positioned for selection as a sole source entity.

Because of Project Return's unique ability to provide peer-run services, MHA was awarded Mental Health Services Act (MHSA) funds through two different competitive solicitation processes in 2006 and 2012. In both solicitation processes, MHA listed Project Return as being the provider, and later, as the subcontractor of these services. As detailed in the attached timeline, since 2006 MHA has actively mentored and incubated Project Return in order to assist Project Return with building the administrative capacity required to become a DMH contractor with the funding procured on its behalf. Moving towards this goal, in 2010, Project Return organized as a non-profit and signed a subcontract with MHA. Currently, Project Return manages all of its programs, including its administrative functions. Independent from MHA, Project Return qualified for and was added to DMH's MHSA Master Service Agreement list last year.

One of the goals for the MHSA funding procured on behalf of Project Return is to develop and implement a peer-run integrated services model in order to better understand the role of peer support in achieving integration. To facilitate this goal, Project Return currently offers a Peer-Run Respite Care Home (PRRCH) along with Peer-Run Integrated Services Management (PRISM). PRRCH provides a short-stay, voluntary living opportunity designed to provide safe and healing environments where adult consumers can move through their psychiatric distress in a relatively brief time of 14-30 days. Through PRISM, Project Return provides linkage to health, mental health, substance abuse, and housing services to empower PRRCH guests and other interested individuals to sustain their own recovery. Located in Service Area (SA) 8 at Villages of Cabrillo, PRRCH and PRISM are unique and one of a kind programs serving SA 8 and bordering districts. It is in the best interest of the County to continue to fund Project Return directly in order to avoid unnecessary service disruption to clients and assist DMH in maintaining and achieving MHSA goals.

Furthermore, Project Return provides a myriad of other peer-run, peer-support services. Those services which are unique to Project Return are detailed below.

- 1) Project Return provides services wherever the need arises, within and across a network of more than 100 groups spanning the entire County providing some 5,000 group meetings, and serving in excess of 2,100 persons per year. Groups meet weekly for discussion, friendship, and social activities, tailored to the needs of Project Return members and the respective diverse needs of local community, including bilingual/monolingual individuals, young adults, and people living with co-occurring mental illness and substance abuse problems.
- 2) Project Return offers the County's only Warm Line, a toll-free number operating 365 days per year, available weekday evenings, offering peer-to-peer support as well as needed information on mental health resources, with the capability to make a referral to crisis lines where appropriate.
- 3) Project Return has a unique "Bridging" program, where clients in Institute for Mental Diseases, hospitals, and jails are outreached by Project Return peer staff to provide support in transitioning from those facilities.

Unless otherwise instructed by a Board office within two weeks, DMH will work closely with County Counsel and the Chief Executive Office in preparing a sole source agreement with Project Return that will include MHSA Client Run-Wellness

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and Innovations funding in the amount of \$2,968,901, amending MHA's contract to be reduced by the same amounts, resulting in dissolution of their subcontract agreement.

MJS:RK:CW:RK:mi

Attachment

c: Health Deputies  
Chief Executive Office  
Executive Officer, Board of Supervisors  
County Counsel  
Robin Kay, Ph.D.  
Cathy Warner  
Youngsook Kim-Sasaki  
Richard Kushi

## **ATTACHMENT INCUBATION TIMELINE OF PROJECT RETURN**

- 2006 In response to Mental Health Services Act (MHSA) goals, a transformation process was initiated to expand Project Return Peer Support Network's (Project Return) programs and services in order to become an independent, consumer-run nonprofit corporation.
- 2007 Mental Health America of Los Angeles (MHA) hired a business consultant to facilitate Project Return's expansion. A Project Return Advisory Group was formed which included representation from Project Return, the Department of Mental Health (DMH) (including the former Director), MHA Board of Directors, and the Association of Community Human Service Agencies.
- 2009 MHA's Chief Program Operations Officer was also assigned to assist with Project Return's expansion, working on-site at Project Return to facilitate/mentor the management of day-to-day operations, and to support Project Return's transition in leadership, with expected retirement of their Executive Director.

The timeline for the nonprofit application process was extended in order to ensure stability and viability of the organization. To promote this viability, a three-year contract was initiated in which MHA served as the Administrative Services Organization and consulting arm of Project Return.

Organizational needs assessments were conducted, as well as staff and client surveys, to assess training needs and make recommendations. Staff orientations, retreats, and trainings were developed and conducted.

MHA conducted a series of trainings with Project Return on DMH Contract requirements related to staff, supervision, technology, privacy, billing requirements, and monitoring.

- 2010 The key change agents for the Project Return expansion formed a "Task Force" and met with MHA Board of Directors. An analysis of all action items related to their nonprofit application was conducted and the Board approved recommendations going forward.

Board recommendations lead to the development of a three-year Memorandum of Understanding for Fiscal Years (FYs) 2010-11, 2011-12, and 2012-13 between MHA and Project Return to define parameters and conditions for the nonprofit application; the relationship between MHA and Project Return Boards of Directors; the administrative affiliation between MHA and Project Return; agreements about financial and physical assets; conditions for ending the required formal fiduciary relationship between MHA and Project Return; and approvals and signatures.

Project Return submitted the Articles of Incorporation, bylaws, and 501(c)3 application to state and federal sources, becoming a legal nonprofit organization. As a condition to this application and to further incubation efforts, Project Return became a subcontractor in MHA's DMH Contract for three years.

MHA's Vice President and Board member served on Project Return's Board of Directors to provide a supportive link to MHA and MHA Board of Directors, and to provide support in interpreting financial data and billing in order to ensure Project Return board fiduciary responsibility and increased knowledge of DMH contracting and contracting requirements.

Project Return used MHA for administrative services consisting of accounting, payroll, contract administration, billing oversight, IT, and human resources until it will later demonstrate the capacity to perform these functions at the same level as determined by the Board Treasurer and Chief Executive Officer in 2013.

Project Return presented status updates on expansion efforts to the MHA Board on a quarterly basis in FY 2010-11, and bi-annually in FYs 2011-12 and 2012-13.

- 2011 Board development was conducted at each Project Return Board meeting, guided by Center for Non Profit Management Board Basics. All Board members completed conflict of interest statements to ensure transparency and reduce conflict of interest in accordance with bylaws, Board policy/procedures, and IRS requirements.

Project Return Board President and Treasurer collaborated with MHA's Chief Financial Officer to develop, analyze, and present Board financial statements and treasurer's report.

- 2012 MHA Administrative staff conducted training on billing requirements based on new DMH requirements.

- 2013 MHA and Project Return Boards approved the use of Vistage International's professional business development resources to facilitate separation of all administrative functions from MHA.

Project Return's application was accepted to be on the DMH MHSA Master Service Agreement list.

Per Generally Accepted Accounting Practices, Project Return demonstrated the accounting capacity to allow for separation of duties from MHA and to perform all administrative functions independent from MHA.

Project Return performed all administrative functions such as human resources, payroll, billing oversight, information technology, and contracts/resources using their own staff and resources, and continues to do so.